

RESOLUTION 104-80

RESOLUTION APPROVING THE STANDARDS AND REQUIREMENTS ESTABLISHED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF YUMA APPLICABLE TO THE PURCHASE OF MORTGAGE LOANS WITH THE PROCEEDS OF THE AUTHORITY'S SINGLE FAMILY MORTGAGE REVENUE BONDS OF 1980; AND APPROVING A COOPERATIVE AGREEMENT WITH RESPECT TO THE USE OF THE PROCESS OF SUCH BONDS.

WHEREAS, the Industrial Development Authority of the County of Yuma (the "Authority") proposes to issue its Single Family Mortgage Revenue Bonds of 1980 (the "Bonds") in accordance with the Industrial Development Plans for Municipalities and Counties, Title 9, Chapter 11, Arizona Revised Statutes, as amended (the "Act"), for the purpose of funding a mortgage purchase program (the "Program"); and

WHEREAS, the Authority has, by Resolution duly adopted by its Board of Directors, a copy of which is attached as Exhibit A hereto, established standards and requirements applicable to the purchase of mortgage loans in the Program as required by Section 9-1156D of the Act; and

WHEREAS, this Board has been presented with a proposed form of Cooperative Agreement, a copy of which is attached as Exhibit B hereto, to be entered into by this County, Yuma County and possibly one or more other counties in the State of Arizona with respect to the use of the proceeds of the Bonds to purchase mortgage loans to finance owner-occupied single family dwelling units in such counties as become parties to the Cooperative Agreement; and

WHEREAS, the Cooperative Agreement of the Act requires that the approval of this Board be obtained in connection with the establishment of such standards and requirements by the Authority;

NOW, THEREFORE, Be it Resolved by the Board of Supervisors of Navajo County, Arizona:

Section 1. That the Chairman is hereby authorized and directed to execute and deliver on behalf of the County a Cooperative Agreement in substantially the form attached hereto as Exhibit B, with such changes, omissions and insertions as the Chairman shall approve, and execution and delivery thereof by the Chairman shall constitute conclusive evidence of such approval.

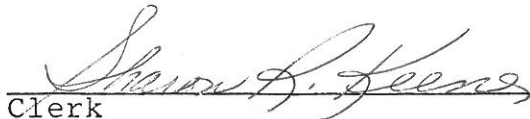
Section 2. That the standards and requirements applicable to the purchase of mortgage loans in the Program adopted in accordance with Section 9-1156D of the Act by the Authority pursuant to the Resolution of its Board of Directors, in the form attached as Exhibit A hereto, are hereby approved for all purposes

Section 3. That the Chairman is hereby authorized and directed to perform all acts necessary or desirable in order to effectively carry out and implement the matters herein approved and authorized.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Navajo County, Arizona, this 1st day of December, 1980.


Chairman

ATTEST:


Clerk

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF YUMA

Standards and Requirements for the Issuance of
Single Family Mortgage Revenue Bonds of 1980

RESOLVED: That pursuant to Arizona Revised Statutes Section 9-1156, subsection D, The Industrial Development Authority of the County of Yuma (the "Authority") hereby establishes, subject to approval by the Board of Supervisors of the County of Yuma, Arizona (the "County"), the following standards and requirements for the issuance of the Authority's Single Family Mortgage Revenue Bonds of 1980 (the "Bonds"):

1. Eligibility of Mortgage Lenders. In order to be eligible to originate mortgage loans for sale to the Authority, mortgage lenders must:

(a) Be approved as mortgagees by the Federal Housing Administration ("FHA") and the Veterans Administration ("VA");

(b) Be approved as sellers and servicers of mortgage loans by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC");

(c) Have an operating office in the State of Arizona which has been in operation since January 1, 1980 and which shall be operating at all times prior to the final date set for selling such loans to the Authority, and which office shall be able to handle the daily business required in the origination and sale of such loans;

(d) Be organized or existing under the laws of the State of Arizona (the "State"), another state, or the United States and be qualified to do business in the State;

(e) Be engaged in the business of originating single family mortgage loans in one of the counties entering into a Cooperative Agreement as provided in Arizona Revised Statutes Section 9-1156, subsection G; and

(f) Agree to such terms and conditions as shall be approved by the Authority pursuant to the Sale, Servicing and Administration Agreement (the "Agreement") among the Authority, each mortgage lender and the Administrator responsible for monitoring and supervising such lenders (the "Administrator"), including the payment of a commitment fee at the time such mortgage lender offers to originate and sell mortgage loans to the Authority, in an amount not in excess of three percent (3%) of the principal amount of the mortgage loans such mortgage lender agrees to sell to the Authority.

2. Time Period for Commitments and Disbursements. Each mortgage lender shall be allowed a period not in excess of twelve (12) months after the date of delivery of the Bonds to issue commitments for an aggregate principal amount of mortgage loans equal to its initial allocation of Bond proceeds. Mortgage lenders will be given not in excess of an additional four (4) months in which to disburse the funds which were committed in the above time period. Any committed funds which become available after the initial commitment period will be recommitted and disbursed by the responsible lender. Amounts to be determined by the

Authority (based on demand for mortgage loans as evidenced by offers of mortgage lenders to originate such loans and by aggregate demand to be estimated by a feasibility consultant) shall be reserved respectively for the County and such other participating Counties that may enter into a Cooperative Agreement as described in paragraph 1(e) above for a period not in excess of six (6) months after delivery of the bonds. After such six (6) month period, participating lenders may use funds initially allocated to make mortgage loans in any one specific County to make mortgage loans in any other County participating in the program.

3. Character of Residences. The character of the residences to be financed by mortgage loans will be existing or newly constructed single family detached or attached structures intended for residential housing for one family, (including units of condominiums and planned unit developments, but excluding trailers and mobile homes) which are occupied or to be occupied as the primary residences of the mortgagors. The purchase prices of these residences, exclusive of closing costs and required escrows, may not exceed three times the maximum adjusted annual income established for qualified mortgagors as provided in paragraph 4 hereof.

4. Eligibility of Persons of Low and Moderate Income. Mortgagors of mortgage loans purchased with Bond proceeds:

(a) Must have an adjusted annual income, as defined below, at the time of origination of the mortgage loan not in excess of a maximum amount to be established from time to time by the Authority, which amount shall not exceed one and fifteen hundredths (1.15) times the median family income of the State, as determined from time to time by the Arizona Department of Economic Security or any successor thereto.

(b) Must not have received during the three-year period immediately preceding the date of origination of the mortgage loan a mortgage loan financed directly or indirectly from the proceeds of obligations issued by any "corporation" as defined in Chapter 11 of Title 9 of the Arizona Revised Statutes (Sections 9-1151 through 9-1156, inclusive), as amended and supplemented from time to time.

As used herein, the term "adjusted annual income" means the aggregate income of a potential mortgagor, together with the aggregate incomes of all persons who intend to reside permanently with such mortgagor in the same dwelling unit, regardless of whether such persons resided with such mortgagor at any time in the past, based on such information acceptable to the Administrator that accurately and fairly reflects such aggregate income, provided that aggregate income shall include:

(1) Gross earnings from wages, salary, commissions, bonuses and tips from all jobs;

(2) Net earnings from the potential mortgagor's own (or such other persons') nonfarm business, professional practice or partnership;

(3) Net earnings from the potential mortgagor's own (or such other persons') farm;

- (4) Income from social security and railroad retirement;
- (5) Interest and dividends;
- (6) Veterans payments, pensions and other regular payments; and
- (7) Public assistance or welfare payments, including aid for dependent children, old age assistance, general assistance and aid to the blind or totally disabled, but excluding separate payments for hospital or other medical care.

5. Terms and Conditions of the Mortgage Loans. Each mortgage loan:

- (a) shall have a term of thirty (30) years;
- (b) shall provide for substantially level debt service;
- (c) shall have an interest rate not in excess of eleven and one-half (11-1/2%) per annum, the exact rate to be determined by the Authority upon sale of the Bonds;
- (d) unless insured by the FHA or guaranteed by the VA, shall not exceed 95% of the lesser of the purchase price or the appraised value of the property being financed by such loan, and if so insured or guaranteed, shall not exceed the amounts allowed by applicable FHA or VA regulations;
- (e) shall be assumable, upon the payment of a reasonable assumption fee;
- (f) shall provide for the privilege of prepayment with penalty; and
- (g) unless otherwise specified in the Agreement, shall be originated in accordance with the requirements of FNMA or FHLMC.

6. Insurance. The following amounts and types of insurance will be required:

- (a) On the property securing each mortgage loan, standard hazard insurance against loss or damage caused by fire and other hazards, with extended coverage, in an amount at least equal to the lesser of the maximum insurable value of the property or the outstanding principal amount of the mortgage loan;
- (b) On the property securing any mortgage loan if such property is located in an area identified by the federal government as having special flood hazards, flood insurance in the amount described in paragraph 6(a) hereof;
- (c) On the property securing the mortgage loans, special hazard insurance against flood, earthquake, mudslide, building collapse and losses resulting from the application of a coinsurance clause, in an amount equal to the greater of (i) one percent (1%) of the aggregate principal amount of mortgage loans purchased (less any claims paid thereunder) or (ii) twice the original principal amount of the largest mortgage loan purchased (less any claims paid thereunder);

(d) On each mortgage as a first lien on the property securing the mortgage loan, an American Land Title Association approved mortgagee guaranty title insurance policy in an amount at least equal to the outstanding principal amount of the mortgage loan, subject to customary exceptions;

(e) On each mortgage loan the original principal amount of which exceeds eighty percent (80%) of the lesser of the purchase price or the appraised value, at the time of origination of the mortgage loan, of the property subject to the related mortgage, (i) private mortgage insurance to remain in effect until the outstanding principal balance is reduced to eighty percent (80%) or less of the lesser of the purchase price or such appraised value, in an amount so that the portion of the mortgage loan not insured does not exceed seventy-two percent (72%) of the purchase price or such appraised value, or (ii) FHA insurance to remain in effect for so long as the Authority owns the mortgage loan, or (iii) VA guaranty to remain in effect for so long as the Authority owns the mortgage loan, in an amount so that the amount of the mortgage loan not so guaranteed does not exceed seventy-five percent (75%) of the purchase price or such appraised value;

(f) On the principal of and interest on the pool of mortgage loans, mortgage pool insurance in an amount equal to twenty percent (20%) of the original principal amount of mortgage loans purchased, subject to a minimum amount to be negotiated with the insurer, less any claims paid thereunder, and containing an endorsement covering cash flow deficiencies by reason of mortgage loan delinquencies in excess of 90 days; and

(g) On the servicers of the mortgage loans and the Administrator, errors and omissions insurance and fidelity bonds in form, substance and amounts as required by FHLMC or FNMA unless otherwise specified as provided in the Agreement.

7. Representations and Warranties of Mortgage Lenders. In order to insure compliance with these standards and requirements, each mortgage lender shall make representations and warranties to the Authority with regard to such mortgage lender's eligibility to participate, the character of property securing each mortgage loan, the eligibility of each mortgage loan, insurance coverage and such other matters deemed appropriate by the Authority and its counsel, which representations and warranties shall be included in the Agreement.

8. Restrictions as to Interest Rate, Terms of Mortgage Loans and Return Realized by Mortgage Lenders. The nominal interest rate on the mortgage loans shall be determined by the Authority at the time of sale of the Bonds and shall not exceed eleven and one-half percent (11-1/2%). Other terms and conditions of the mortgage loans shall be as provided in paragraphs 4 and 5 hereof. At the time of origination, the originating mortgage lender may charge:

(i) An origination fee to the buyer or seller of the residence not to exceed one and one-quarter percent (1-1/4%) of the principal amount of the mortgage loan;

(ii) A program participation fee to the seller not to exceed three percent (3%) of the principal amount of the mortgage loan, such fee to represent reimbursement of the originating mortgage lender's commitment fee paid to the Authority, provided

that in the case of mortgage loans purchased from funds reserved for a builder or developer in accordance with terms to be provided in the Agreement, any fees charged to such builder or developer with respect to such funds shall be deemed to have been paid by the seller and the program participation fee shall be reduced accordingly;

(iii) To the buyer or the seller a Warehouse Fee in an amount not to exceed $1/2$ of 1% of the original principal amount of the mortgage loan, plus an amount equal to all charges actually paid or incurred by the originating mortgage lender to be further specified in the Agreement.

Mortgage lenders shall not realize any other return on the mortgage loans except servicing fees, and other customary charges in connection with the servicing of comparably serviced loans.

9. Collateral Security. The following collateral security shall be held by the Trustee to be named by the Authority (the "Trustee") to assure repayment of the Bonds:

(a) Mortgage notes secured by mortgages which shall create first liens, subject only to exceptions specified in the Agreement, on residences financed by mortgage loans purchased with Bond proceeds;

(b) A Capital Reserve Fund initially funded with Bond proceeds in an amount being at least equal to the maximum amount of the scheduled principal installments and interest becoming due in any Bond Year on all Bonds authorized to be issued (excluding for the purposes of such calculation the principal amount of Bonds issued to fund such reserve fund), which reserve fund shall be used only to pay the principal of and interest on the Bonds;

(c) A Mortgage Loan Reserve Fund initially funded with Bond proceeds in an amount equal to one percent (1%) of the sum of (i) the unpaid balance principal amount of all mortgage loans purchased and (ii) all moneys held for the purchase of mortgage loans, which reserve fund shall be used only to pay the principal of and interest on the Bonds, premiums on special hazard insurance and mortgage pool insurance and fees and ordinary expenses of the Administrator, the Trustee and Bond Paying Agents;

(d) An Accumulation Reserve Fund to be funded in part from Bond proceeds and in part from repayment of mortgage loans and other revenues, including investment earnings, received by the Trustee, in an amount equal to the greater of (i) \$50,000 or (ii) the sum of (a) one percent (1%) of the aggregate unpaid principal amount of mortgage loans outstanding as of any date of calculation and (b) the difference between (1) an amount equal to fifty percent (50%) of the original policy limit of the Mortgage Pool Insurance Policy and (2) the aggregate dollar amount of residual coverage under such Policy on such date of calculation, which reserve fund shall be used to pay amounts specified in paragraph 9(c) hereof and certain extraordinary expenses incurred in relation to the Bonds;

(e) Moneys held in the various funds and accounts established pursuant to the resolution of the Authority authorizing the issuance of the Bonds (the "Bond Resolution"), including the investments thereof;

(f) An Interest Rate Differential Bond (Surety Bond) provided by an insurance company, which covers any excess in the average bond interest rate over the interest rate specified in the Interest Rate Differential Bond Agreement; and

(g) Certain insurance policies, including the Mortgage Pool Insurance Policy, described in paragraph 6 hereof.

10. Assignment of Mortgage Loans to the Trustee. The Authority's right, title and interest in the mortgage loans purchased by the Authority shall be assigned to the Trustee, which will act on behalf of the Authority as provided in the Resolution of the Authority authorizing the issuance of the Bonds and shall be (i) either a bank or trust company qualified to do business in the State of Arizona, having an officially reported combined capital surplus, undivided profits and reserves of not less than fifteen million dollars (\$15,000,000), (ii) approved to sell mortgages to and service mortgages for both the FNMA and FHLMC, and (iii) approved as a mortgagee by FHA and VA.

11. Other Matters. Standards and requirements not set forth above shall be set forth in the Agreement, the Resolution of the Authority authorizing the issuance of the Bonds, the Authority's invitation to mortgage lenders to participate in the origination of mortgage loans, the mortgage lenders' offers to participate in the origination and sale of mortgage loans as accepted by the Authority, and the other proceedings pursuant to which the Bonds will be issued and the mortgage purchase program administered, all in form and substance to be approved by the Authority and its counsel. Such standards and requirements shall be subject to the following:

(a) The amount of Bond proceeds made available for the purchase of mortgage loans shall be reasonably related to the demand therefor, as determined by (i) a study of the mortgage market to be submitted by such firm or consultants as may be acceptable to the Authority, (ii) the aggregate amount of offers to originate and sell mortgage loans received from qualified mortgage lenders, (iii) the historical amounts of originations of mortgage loans reported by such mortgage lenders and (iv) other factors deemed relevant by the Authority;

(b) Commitment fees, origination fees and servicing fees shall be an amount normally charged by participating mortgage lenders unless a different amount is justified in the context of the transaction; and

(c) The costs, fees and expenditures associated with the issuance of the Bonds shall be reasonably related to the services provided.

The foregoing standards and requirements were approved by the Authority on the day of _____, 1980.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF YUMA

President

Secretary

Put in Minute Book

COOPERATIVE AGREEMENT

This Agreement is among Yuma County, Arizona ("Yuma County"), and the additional counties in the State of Arizona which execute and become parties hereto (the "Additional Counties"), each acting by and through its respective Board of Supervisors.

WITNESSETH:

1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

(a) Yuma County and each of the Additional Counties are political subdivisions of the State of Arizona, each having a population not in excess of 200,000 persons according to the latest United States census and each authorized by the provisions of the Industrial Development Plans for Municipalities and Counties Act, Title 9, Chapter 11, Section 9-1151, et seq., of the Arizona Revised Statutes, as amended (the "Act"), to approve the formation of a corporation to exercise certain powers enumerated in the Act.

(b) The Act provides that the governing bodies of such counties may enter into a cooperative agreement (the "Cooperative Agreement") to provide that a corporation, the formation of which was approved by the governing body of one such county, may exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in all counties which are parties to such Cooperative Agreement.

(c) It has been found by the legislature of the State of Arizona that within such state there is a critical shortage of housing and mortgage credit for housing within the financial means of persons and families of low and moderate income.

(d) It is deemed necessary and advisable for the reduction of such shortage in Yuma County and the Additional Counties that revenue bonds to finance the costs of development of residential housing and the costs of home ownership be issued by The Industrial Development Authority of the County of Yuma (the "Authority"), a corporation formed pursuant to the Act.

(e) The Board of Supervisors of Yuma County and the Boards of Supervisors of each of the Additional Counties have indicated their willingness to enter into a Cooperative Agreement with one another to enable the Authority to exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in all of such Counties.

2. Agreement by Each Additional County. Pursuant to the Act:

(a) The Board of Supervisors of each Additional County hereby agrees that the Authority may exercise the powers granted in Section 9-1156, subsection A, paragraphs 11 and 12 of the Act with respect to owner-occupied single family dwelling units located in such County.

(b) The Board of Supervisors of each Additional County agrees that it will take such further action and adopt such further proceedings as may be required to implement the terms of this Cooperative Agreement.

3. Agreement by Yuma County. Pursuant to the Act:

(a) The Board of Supervisors of Yuma County agrees that it will use its best efforts to cause the Authority to exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in the Additional Counties through the issuance of revenue bonds to purchase mortgage loans secured by single family residences purchased by persons of low or moderate income.

4. General Provisions.

(a) This Cooperative Agreement is hereby declared irrevocable during the time that any revenue bonds issued as contemplated by this Cooperative Agreement are outstanding.

(b) This Cooperative Agreement shall automatically terminate one year from the date hereof if the Authority has not issued revenue bonds as contemplated hereby; provided that nothing herein shall be deemed to prevent any two or more of the parties hereto from entering into a subsequent Cooperative Agreement upon such termination of this Cooperative Agreement.

(c) The Authority and the Board of Supervisors of Yuma County shall have full and exclusive authority to take all action necessary and proper for the issuance of revenue bonds as contemplated by this Cooperative Agreement, provided that prior to the exercise of powers by the Authority in any Additional County standards and requirements for such issue required to be approved by the Board of Supervisors of Yuma County shall also be subject to approval by the Board of Supervisors of such Additional County.

(d) In consideration of Yuma County's consent to the exercise of the powers of the Authority under the Act with respect to owner-occupied single family dwelling units located in the Additional Counties, each Additional County hereby agrees that if any corporation formed and approved pursuant to the Act by the Board of Supervisors of such Additional County adopts standards and requirements for the issuance of bonds to finance owner-occupied single family dwelling units, the Board of Supervisors of such Additional County will approve such standards and requirements only if a bona fide offer has been made to Yuma County and the Authority to enter into a Cooperative Agreement substantially similar to this Cooperative Agreement for the use of bond proceeds to finance owner-occupied single family dwelling units in Yuma County in an amount equal to the lesser of the amount to be reserved for such Additional County from the issue of the Authority contemplated

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RESOLUTION 104-80

RESOLUTION APPROVING THE STANDARDS AND REQUIREMENTS ESTABLISHED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF YUMA APPLICABLE TO THE PURCHASE OF MORTGAGE LOANS WITH THE PROCEEDS OF THE AUTHORITY'S SINGLE FAMILY MORTGAGE REVENUE BONDS OF 1980; AND APPROVING A COOPERATIVE AGREEMENT WITH RESPECT TO THE USE OF THE PROCESS OF SUCH BONDS.

WHEREAS, the Industrial Development Authority of the County of Yuma (the "Authority") proposes to issue its Single Family Mortgage Revenue Bonds of 1980 (the "Bonds") in accordance with the Industrial Development Plans for Municipalities and Counties, Title 9, Chapter 11, Arizona Revised Statutes, as amended (the "Act"), for the purpose of funding a mortgage purchase program (the "Program"); and

WHEREAS, the Authority has, by Resolution duly adopted by its Board of Directors, a copy of which is attached as Exhibit A hereto, established standards and requirements applicable to the purchase of mortgage loans in the Program as required by Section 9-1156D of the Act; and

WHEREAS, this Board has been presented with a proposed form of Cooperative Agreement, a copy of which is attached as Exhibit B hereto, to be entered into by this County, Yuma County and possibly one or more other counties in the State of Arizona with respect to the use of the proceeds of the Bonds to purchase mortgage loans to finance owner-occupied single family dwelling units in such counties as become parties to the Cooperative Agreement; and

WHEREAS, the Cooperative Agreement of the Act requires that the approval of this Board be obtained in connection with the establishment of such standards and requirements by the Authority;

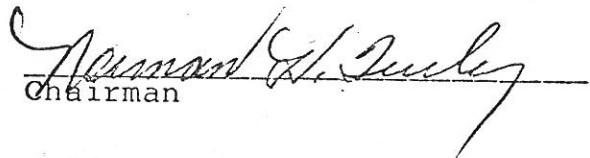
NOW, THEREFORE, Be it Resolved by the Board of Supervisors of Navajo County, Arizona:

Section 1. That the Chairman is hereby authorized and directed to execute and deliver on behalf of the County a Cooperative Agreement in substantially the form attached hereto as Exhibit B, with such changes, omissions and insertions as the Chairman shall approve, and execution and delivery thereof by the Chairman shall constitute conclusive evidence of such approval.

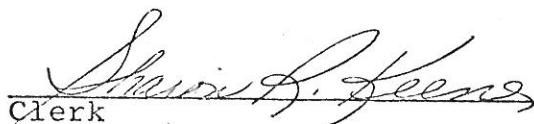
Section 2. That the standards and requirements applicable to the purchase of mortgage loans in the Program adopted in accordance with Section 9-1156D of the Act by the Authority pursuant to the Resolution of its Board of Directors, in the form attached as Exhibit A hereto, are hereby approved for all purposes

Section 3. That the Chairman is hereby authorized and directed to perform all acts necessary or desirable in order to effectively carry out and implement the matters herein approved and authorized.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Navajo County, Arizona, this 1st day of December, 1980.


Chairman

ATTEST:


Clerk

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF YUMA

Standards and Requirements for the Issuance of
Single Family Mortgage Revenue Bonds of 1980

RESOLVED: That pursuant to Arizona Revised Statutes Section 9-1156, subsection D, The Industrial Development Authority of the County of Yuma (the "Authority") hereby establishes, subject to approval by the Board of Supervisors of the County of Yuma, Arizona (the "County"), the following standards and requirements for the issuance of the Authority's Single Family Mortgage Revenue Bonds of 1980 (the "Bonds"):

1. Eligibility of Mortgage Lenders. In order to be eligible to originate mortgage loans for sale to the Authority, mortgage lenders must:

(a) Be approved as mortgagees by the Federal Housing Administration ("FHA") and the Veterans Administration ("VA");

(b) Be approved as sellers and servicers of mortgage loans by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC");

(c) Have an operating office in the State of Arizona which has been in operation since January 1, 1980 and which shall be operating at all times prior to the final date set for selling such loans to the Authority, and which office shall be able to handle the daily business required in the origination and sale of such loans;

(d) Be organized or existing under the laws of the State of Arizona (the "State"), another state, or the United States and be qualified to do business in the State;

(e) Be engaged in the business of originating single family mortgage loans in one of the counties entering into a Cooperative Agreement as provided in Arizona Revised Statutes Section 9-1156, subsection G; and

(f) Agree to such terms and conditions as shall be approved by the Authority pursuant to the Sale, Servicing and Administration Agreement (the "Agreement") among the Authority, each mortgage lender and the Administrator responsible for monitoring and supervising such lenders (the "Administrator"), including the payment of a commitment fee at the time such mortgage lender offers to originate and sell mortgage loans to the Authority, in an amount not in excess of three percent (3%) of the principal amount of the mortgage loans such mortgage lender agrees to sell to the Authority.

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EXHIBIT A

Authority (based on demand for mortgage loans as evidenced by offers of mortgage lenders to originate such loans and by aggregate demand to be estimated by a feasibility consultant) shall be reserved respectively for the County and such other participating Counties that may enter into a Cooperative Agreement as described in paragraph 1(e) above for a period not in excess of six (6) months after delivery of the bonds. After such six (6) month period, participating lenders may use funds initially allocated to make mortgage loans in any one specific County to make mortgage loans in any other County participating in the program.

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(b) Must not have received during the three-year period immediately preceding the date of origination of the mortgage loan a mortgage loan financed directly or indirectly from the proceeds of obligations issued by any "corporation" as defined in Chapter 11 of Title 9 of the Arizona Revised Statutes (Sections 9-1151 through 9-1156, inclusive), as amended and supplemented from time to time.

As used herein, the term "adjusted annual income" means the aggregate income of a potential mortgagor, together with the aggregate incomes of all persons who intend to reside permanently with such mortgagor in the same dwelling unit, regardless of whether such persons resided with such mortgagor at any time in the past, based on such information acceptable to the Administrator that accurately and fairly reflects such aggregate income, provided that aggregate income shall include:

(1) Gross earnings from wages, salary, commissions, bonuses and tips from all jobs;

(2) Net earnings from the potential mortgagor's own (or such other persons') nonfarm business, professional practice or partnership;

(3) Net earnings from the potential mortgagor's own (or such other persons') farm;

- (4) Income from social security and railroad retirement;
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- (7) Public assistance or welfare payments, including aid for dependent children, old age assistance, general assistance and aid to the blind or totally disabled, but excluding separate payments for hospital or other medical care.

5. Terms and Conditions of the Mortgage Loans. Each mortgage loan:

- (a) shall have a term of thirty (30) years;
- (b) shall provide for substantially level debt service;
- (c) shall have an interest rate not in excess of eleven and one-half (11-1/2%) per annum, the exact rate to be determined by the Authority upon sale of the Bonds;
- (d) unless insured by the FHA or guaranteed by the VA, shall not exceed 95% of the lesser of the purchase price or the appraised value of the property being financed by such loan, and if so insured or guaranteed, shall not exceed the amounts allowed by applicable FHA or VA regulations;
- (e) shall be assumable, upon the payment of a reasonable assumption fee;
- (f) shall provide for the privilege of prepayment with penalty; and
- (g) unless otherwise specified in the Agreement, shall be originated in accordance with the requirements of FNMA or FHLMC.

6. Insurance. The following amounts and types of insurance will be required:

- (a) On the property securing each mortgage loan, standard hazard insurance against loss or damage caused by fire and other hazards, with extended coverage, in an amount at least equal to the lesser of the maximum insurable value of the property or the outstanding principal amount of the mortgage loan;
- (b) On the property securing any mortgage loan if such property is located in an area identified by the federal government as having special flood hazards, flood insurance in the amount described in paragraph 6(a) hereof;
- (c) On the property securing the mortgage loans, special hazard insurance against flood, earthquake, mudslide, building collapse and losses resulting from the application of a coinsurance clause, in an amount equal to the greater of (i) one percent (1%) of the aggregate principal amount of mortgage loans purchased (less any claims paid thereunder) or (ii) twice the original principal amount of the largest mortgage loan purchased (less any claims paid thereunder);

(d) On each mortgage as a first lien on the property securing the mortgage loan, an American Land Title Association approved mortgagee guaranty title insurance policy in an amount at least equal to the outstanding principal amount of the mortgage loan, subject to customary exceptions;

(e) On each mortgage loan the original principal amount of which exceeds eighty percent (80%) of the lesser of the purchase price or the appraised value, at the time of origination of the mortgage loan, of the property subject to the related mortgage, (i) private mortgage insurance to remain in effect until the outstanding principal balance is reduced to eighty percent (80%) or less of the lesser of the purchase price or such appraised value, in an amount so that the portion of the mortgage loan not insured does not exceed seventy-two percent (72%) of the purchase price or such appraised value, or (ii) FHA insurance to remain in effect for so long as the Authority owns the mortgage loan, or (iii) VA guaranty to remain in effect for so long as the Authority owns the mortgage loan, in an amount so that the amount of the mortgage loan not so guaranteed does not exceed seventy-five percent (75%) of the purchase price or such appraised value;

(f) On the principal of and interest on the pool of mortgage loans, mortgage pool insurance in an amount equal to twenty percent (20%) of the original principal amount of mortgage loans purchased, subject to a minimum amount to be negotiated with the insurer, less any claims paid thereunder, and containing an endorsement covering cash flow deficiencies by reason of mortgage loan delinquencies in excess of 90 days; and

(g) On the servicers of the mortgage loans and the Administrator, errors and omissions insurance and fidelity bonds in form, substance and amounts as required by FHLMC or FNMA unless otherwise specified as provided in the Agreement.

7. Representations and Warranties of Mortgage Lenders. In order to insure compliance with these standards and requirements, each mortgage lender shall make representations and warranties to the Authority with regard to such mortgage lender's eligibility to participate, the character of property securing each mortgage loan, the eligibility of each mortgage loan, insurance coverage and such other matters deemed appropriate by the Authority and its counsel, which representations and warranties shall be included in the Agreement.

8. Restrictions as to Interest Rate, Terms of Mortgage Loans and Return Realized by Mortgage Lenders. The nominal interest rate on the mortgage loans shall be determined by the Authority at the time of sale of the Bonds and shall not exceed eleven and one-half percent (11-1/2%). Other terms and conditions of the mortgage loans shall be as provided in paragraphs 4 and 5 hereof. At the time of origination, the originating mortgage lender may charge:

(i) An origination fee to the buyer or seller of the residence not to exceed one and one-quarter percent (1-1/4%) of the principal amount of the mortgage loan;

(ii) A program participation fee to the seller not to exceed three percent (3%) of the principal amount of the mortgage loan, such fee to represent reimbursement of the originating mortgage lender's commitment fee paid to the Authority, provided

that in the case of mortgage loans purchased from funds reserved for a builder or developer in accordance with terms to be provided in the Agreement, any fees charged to such builder or developer with respect to such funds shall be deemed to have been paid by the seller and the program participation fee shall be reduced accordingly;

(iii) To the buyer or the seller a Warehouse Fee in an amount not to exceed $1/2$ of 1% of the original principal amount of the mortgage loan, plus an amount equal to all charges actually paid or incurred by the originating mortgage lender to be further specified in the Agreement.

Mortgage lenders shall not realize any other return on the mortgage loans except servicing fees, and other customary charges in connection with the servicing of comparably serviced loans.

9. Collateral Security. The following collateral security shall be held by the Trustee to be named by the Authority (the "Trustee") to assure repayment of the Bonds:

(a) Mortgage notes secured by mortgages which shall create first liens, subject only to exceptions specified in the Agreement, on residences financed by mortgage loans purchased with Bond proceeds;

(b) A Capital Reserve Fund initially funded with Bond proceeds in an amount being at least equal to the maximum amount of the scheduled principal installments and interest becoming due in any Bond Year on all Bonds authorized to be issued (excluding for the purposes of such calculation the principal amount of Bonds issued to fund such reserve fund), which reserve fund shall be used only to pay the principal of and interest on the Bonds;

(c) A Mortgage Loan Reserve Fund initially funded with Bond proceeds in an amount equal to one percent (1%) of the sum of (i) the unpaid balance principal amount of all mortgage loans purchased and (ii) all moneys held for the purchase of mortgage loans, which reserve fund shall be used only to pay the principal of and interest on the Bonds, premiums on special hazard insurance and mortgage pool insurance and fees and ordinary expenses of the Administrator, the Trustee and Bond Paying Agents;

(d) An Accumulation Reserve Fund to be funded in part from Bond proceeds and in part from repayment of mortgage loans and other revenues, including investment earnings, received by the Trustee, in an amount equal to the greater of (i) \$50,000 or (ii) the sum of (a) one percent (1%) of the aggregate unpaid principal amount of mortgage loans outstanding as of any date of calculation and (b) the difference between (1) an amount equal to fifty percent (50%) of the original policy limit of the Mortgage Pool Insurance Policy and (2) the aggregate dollar amount of residual coverage under such Policy on such date of calculation, which reserve fund shall be used to pay amounts specified in paragraph 9(c) hereof and certain extraordinary expenses incurred in relation to the Bonds;

(e) Moneys held in the various funds and accounts established pursuant to the resolution of the Authority authorizing the issuance of the Bonds (the "Bond Resolution"), including the investments thereof;

(f) An Interest Rate Differential Bond (Surety Bond) provided by an insurance company, which covers any excess in the average bond interest rate over the interest rate specified in the Interest Rate Differential Bond Agreement; and

(g) Certain insurance policies, including the Mortgage Pool Insurance Policy, described in paragraph 6 hereof.

10. Assignment of Mortgage Loans to the Trustee. The Authority's right, title and interest in the mortgage loans purchased by the Authority shall be assigned to the Trustee, which will act on behalf of the Authority as provided in the Resolution of the Authority authorizing the issuance of the Bonds and shall be (i) either a bank or trust company qualified to do business in the State of Arizona, having an officially reported combined capital surplus, undivided profits and reserves of not less than fifteen million dollars (\$15,000,000), (ii) approved to sell mortgages to and service mortgages for both the FNMA and FHLMC, and (iii) approved as a mortgagee by FHA and VA.

11. Other Matters. Standards and requirements not set forth above shall be set forth in the Agreement, the Resolution of the Authority authorizing the issuance of the Bonds, the Authority's invitation to mortgage lenders to participate in the origination of mortgage loans, the mortgage lenders' offers to participate in the origination and sale of mortgage loans as accepted by the Authority, and the other proceedings pursuant to which the Bonds will be issued and the mortgage purchase program administered, all in form and substance to be approved by the Authority and its counsel. Such standards and requirements shall be subject to the following:

(a) The amount of Bond proceeds made available for the purchase of mortgage loans shall be reasonably related to the demand therefor, as determined by (i) a study of the mortgage market to be submitted by such firm or consultants as may be acceptable to the Authority, (ii) the aggregate amount of offers to originate and sell mortgage loans received from qualified mortgage lenders, (iii) the historical amounts of originations of mortgage loans reported by such mortgage lenders and (iv) other factors deemed relevant by the Authority;

(b) Commitment fees, origination fees and servicing fees shall be an amount normally charged by participating mortgage lenders unless a different amount is justified in the context of the transaction; and

(c) The costs, fees and expenditures associated with the issuance of the Bonds shall be reasonably related to the services provided.

The foregoing standards and requirements were approved by the Authority on the day of _____, 1980.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF YUMA

President

Secretary

*Put in
minutes Book*

COOPERATIVE AGREEMENT

This Agreement is among Yuma County, Arizona ("Yuma County"), and the additional counties in the State of Arizona which execute and become parties hereto (the "Additional Counties"), each acting by and through its respective Board of Supervisors.

WITNESSETH:

1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

(a) Yuma County and each of the Additional Counties are political subdivisions of the State of Arizona, each having a population not in excess of 200,000 persons according to the latest United States census and each authorized by the provisions of the Industrial Development Plans for Municipalities and Counties Act, Title 9, Chapter 11, Section 9-1151, et seq., of the Arizona Revised Statutes, as amended (the "Act"), to approve the formation of a corporation to exercise certain powers enumerated in the Act.

(b) The Act provides that the governing bodies of such counties may enter into a cooperative agreement (the "Cooperative Agreement") to provide that a corporation, the formation of which was approved by the governing body of one such county, may exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in all counties which are parties to such Cooperative Agreement.

(c) It has been found by the legislature of the State of Arizona that within such state there is a critical shortage of housing and mortgage credit for housing within the financial means of persons and families of low and moderate income.

(d) It is deemed necessary and advisable for the reduction of such shortage in Yuma County and the Additional Counties that revenue bonds to finance the costs of development of residential housing and the costs of home ownership be issued by The Industrial Development Authority of the County of Yuma (the "Authority"), a corporation formed pursuant to the Act.

(e) The Board of Supervisors of Yuma County and the Boards of Supervisors of each of the Additional Counties have indicated their willingness to enter into a Cooperative Agreement with one another to enable the Authority to exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in all of such Counties.

2. Agreement by Each Additional County. Pursuant to the Act:

(a) The Board of Supervisors of each Additional County hereby agrees that the Authority may exercise the powers granted in Section 9-1156, subsection A, paragraphs 11 and 12 of the Act with respect to owner-occupied single family dwelling units located in such County.

(b) The Board of Supervisors of each Additional County agrees that it will take such further action and adopt such further proceedings as may be required to implement the terms of this Cooperative Agreement.

3. Agreement by Yuma County. Pursuant to the Act:

(a) The Board of Supervisors of Yuma County agrees that it will use its best efforts to cause the Authority to exercise certain powers granted in the Act with respect to owner-occupied single family dwelling units located in the Additional Counties through the issuance of revenue bonds to purchase mortgage loans secured by single family residences purchased by persons of low or moderate income.

4. General Provisions.

(a) This Cooperative Agreement is hereby declared irrevocable during the time that any revenue bonds issued as contemplated by this Cooperative Agreement are outstanding.

(b) This Cooperative Agreement shall automatically terminate one year from the date hereof if the Authority has not issued revenue bonds as contemplated hereby; provided that nothing herein shall be deemed to prevent any two or more of the parties hereto from entering into a subsequent Cooperative Agreement upon such termination of this Cooperative Agreement.

(c) The Authority and the Board of Supervisors of Yuma County shall have full and exclusive authority to take all action necessary and proper for the issuance of revenue bonds as contemplated by this Cooperative Agreement, provided that prior to the exercise of powers by the Authority in any Additional County standards and requirements for such issue required to be approved by the Board of Supervisors of Yuma County shall also be subject to approval by the Board of Supervisors of such Additional County.

(d) In consideration of Yuma County's consent to the exercise of the powers of the Authority under the Act with respect to owner-occupied single family dwelling units located in the Additional Counties, each Additional County hereby agrees that if any corporation formed and approved pursuant to the Act by the Board of Supervisors of such Additional County adopts standards and requirements for the issuance of bonds to finance owner-occupied single family dwelling units, the Board of Supervisors of such Additional County will approve such standards and requirements only if a bona fide offer has been made to Yuma County and the Authority to enter into a Cooperative Agreement substantially similar to this Cooperative Agreement for the use of bond proceeds to finance owner-occupied single family dwelling units in Yuma County in an amount equal to the lesser of the amount to be reserved for such Additional County from the issue of the Authority contemplated

hereby or the amount equal to the proportion that the amount so reserved for such Additional County bears to the total amount available from the issue of the Authority to finance such units.

(e) This Cooperative Agreement shall not constitute the debt or indebtedness of any of the parties hereto within the meaning of the Constitution or statutes of the State of Arizona nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of such parties.

(f) The parties hereto acknowledge and understand that the Additional Counties may include any one or more of the Counties of Apache, Cochise, Coconino, Graham, Greenlee, Navajo, Santa Cruz and Yavapai, in any combination. Each party agrees that the authorization and execution hereof shall remain binding upon it notwithstanding that any one or more of such Counties shall fail to become a party hereto.

(g) This Cooperative Agreement may be executed in any number of counterparts, each of which shall be an original, however, all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have entered into this Cooperative Agreement as of the 1st day of December 1980.

(SEAL)

Attest:

By

Clerk

Sharon B. Keene

YUMA COUNTY, ARIZONA

By

Norman S. Durling
Chairman of the Board of Supervisors

(SEAL)

Attest:

By

Clerk

COUNTY, ARIZONA

By

Chairman of the Board of Supervisors

ORDINANCE NO. 485

AN ORDINANCE LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF WINSLOW, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 1981.

WHEREAS, by the provisions of State law, the ordinance levying taxes for fiscal year 1980-81 is required to be finally adopted not later than the third Monday in August, and

WHEREAS, the County of Navajo is the assessing and collecting authority for the City of Winslow, the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor and the Board of Supervisors of the County of Navajo, Arizona,

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WINSLOW, as follows:

Section 1: There is hereby levied on each One Hundred Dollars (\$100.00) of the assessed value of all property, both real and personal, within the corporate limits of the City of Winslow, except such property as may be by law exempt from taxation, a primary property tax rate sufficient to raise the sum of One Hundred Thirty-six Thousand Three Hundred Ninety-four Dollars (\$136,394.00) for the fiscal year ending on the 30th day of June, 1981. If such sum exceeds the maximum levy allowed by law, the Board of Supervisors of the County of Navajo is hereby authorized to reduce the levy to the maximum amount allowed by law after providing notice to the City.

*Copies given to Jay Delaney & Cecil Sulley
Per Board Request 8/5/80 SK*

Section 2: In addition to the rate set in Section 1 hereof, there is hereby levied on each One Hundred Dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Winslow, except such property as may be by law exempt from taxation, a secondary property tax rate sufficient to raise the sum of Thirty-five Thousand Seven Hundred Thirteen Dollars (\$35,713.00) but not more than the actual general obligation bond debt service due during the year for the purpose of providing a bond interest and redemption fund for the City of Winslow for the fiscal year ending June 30, 1981.

Section 3: Failure by the county officials of Navajo County, Arizona, to properly return the delinquent list, any irregularity in assessments or omissions in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer or officers to timely perform any of the duties assigned to him or to them shall not invalidate any proceedings or any deed or sale pursuant thereto, the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Winslow upon such property for the delinquent taxes unpaid thereon; overcharge as to part of the taxes or of costs shall not invalidate any proceedings for the collection of taxes or the foreclosure of the lien therefor or a sale of the property under such foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

Section 4: This ordinance is subject to Sections 9-19 through

9-65 of the Winslow City Code as to the use and allocation of funds of sales tax collected and distributed therein.

Section 5: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

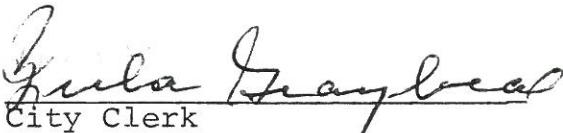
Section 6: This ordinance shall be in full force and effect from and after its passage by the Council and approval by the Mayor.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF WINSLOW,
ARIZONA, this 22nd day of July, 1980.



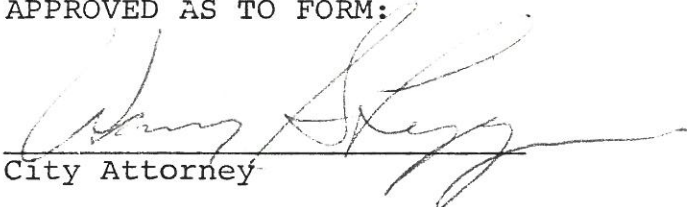
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney